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CENTRAL

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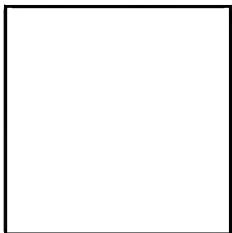
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CENTRAL INTELLIGENCE BULLETIN

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3 September 1958

DAILY BRIEF



I. THE COMMUNIST BLOC

*Taiwan Strait situation (as of 0100 EDT, 3 September): Communist shelling of the Kinmens (Quemoys) continues and is making resupply of the Nationalist bastion difficult.

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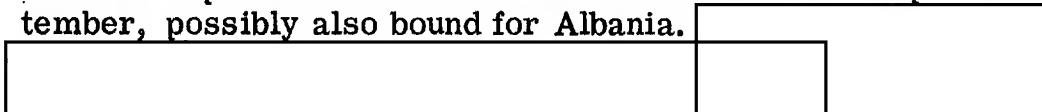
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USSR: The four Soviet W-class submarines and a submarine tender which left the Baltic on 16 August arrived in Valona, Albania, on 31 August. A second group of Soviet ships, consisting of several auxiliary vessels, was last reported in the central Mediterranean on 1 September, possibly also bound for Albania.

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II. ASIA-AFRICA

b1C Iraq: Iraqi army authorities are reported to be building a case charging the United States with organizing "sabotage cells" against Iraq. Charges in the current "treason trials" have linked US "sabotage cells" with the July oil-storage tank fire in Baghdad. The US ambassador believes that an effort is being made to implicate two US Embassy marine guards in this alleged sabotage. The marines were questioned extensively at the time of the fire.

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b1C Morocco-USSR: The Moroccan Foreign Ministry expects a Soviet ambassador to arrive in Rabat within two months. The dispatch of a Moroccan ambassador to Moscow may occur somewhat later.

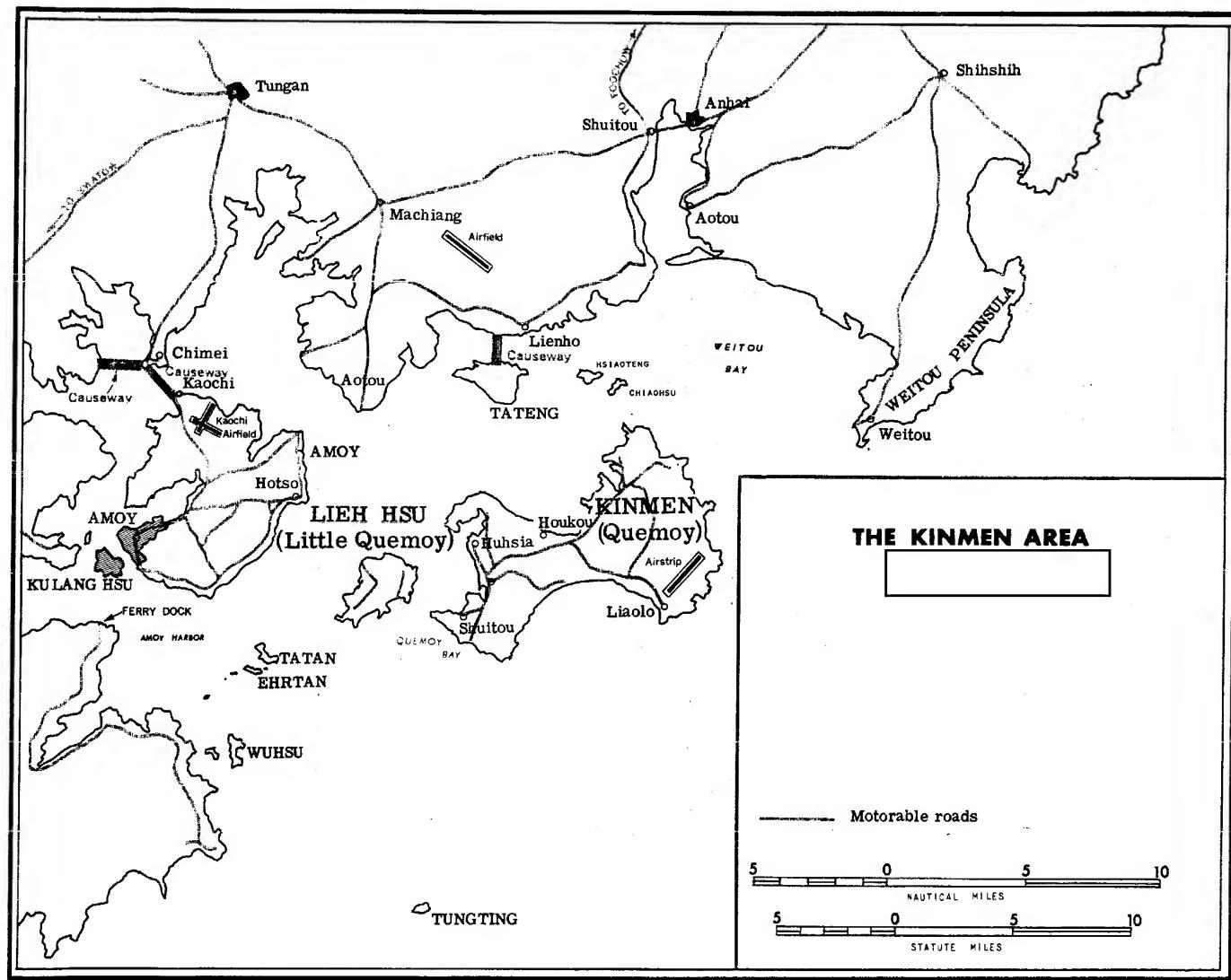
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b1C Afghanistan-USSR: The USSR may have offered Afghanistan a long-term credit to finance the entire cost of a civil air development program, including low cost modern aircraft, Soviet crews, and airports to be built at any location desired. The president of the Afghan Air Authority has described the offer, apparently to influence the US to expand its civil air program in the country.

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I. THE COMMUNIST BLOC

Taiwan Strait Situation (as of 0100 EDT, 3 September)

Chinese Communist artillery shelling of the Kinmen (Quemoy) Island group continues but is less intensive than last week. The Kinmen Defense Command reports that Communist motor torpedo boats are operating from Amoy to Wuhsu, south of the Tan Islands, thus placing them in a better position to interdict resupply of Kinmen. A Nationalist convoy from the Pescadores reportedly was turned back on 1 September by torpedo boats without unloading 370 troops heading for the Kinmen bastion.

The Nationalists apparently are reluctant to use their full naval resources in an attempt to resupply the Kinmens. Destroyers have not been used to protect resupply vessels, and counterbattery fire has not been fully employed against the Communist guns interdicting the Kinmen airstrip and landing beach. Communist fire has made it difficult to land aircraft at night, and resupply ships are off-loaded into smaller craft out of range of shore-based artillery.

Soviet commentaries have reiterated Pravda's 31 August pledge for moral and material support to the Chinese Communists, and, while concentrating on blaming the United States for tension in the area, have warned again that present hostilities could spread to other localities. The Chinese Communists are using the Pravda statement to imply a Soviet commitment to become militarily involved in the Taiwan Strait situation in the event of US intervention. Peiping newspapers on 1 September devoted whole pages to the Soviet assurance. One headline, paraphrasing Pravda's warning, said, "to threaten China means to threaten the Soviet Union." The Bulgarian radio on 31 August stated that the Chinese people have the "right" to unite all their lands and declared that the "small offshore islands, Taiwan, and the Pescadores will be liberated" in the near future.

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II. ASIA-AFRICA

Iraqi Military Charges US Formed "Sabotage Cells"

Iraqi authorities are going to considerable lengths to implicate "imperialists," especially the United States, in the current "treason trials" of leading military figures in the former regime. "Conspiracy against Syria" has been the main theme of these trials. Army authorities are reported to be building up charges that the United States organized "cells" for sabotage in Syria and Iraq, and they seek to implicate two US marines of the embassy guard detail with the recent tank fire in Baghdad.

As was the case in the Syrian "conspiracy" trials last year, hearsay evidence is being accepted as valid and suspicions are treated as fact. Although the inquiry board investigating the fire had reached the conclusion that it was an accident, the board's deliberations were suspended at the suggestion of the military that sabotage was involved. The two marines, who were arrested while viewing the fire, will probably be called for testimony and the occasion used to whip up more anti-American feeling.

Several factions within the present Iraqi regime could make capital from this anti-Western propaganda campaign. Extremist nationalist officers such as Vice Premier Arif may be utilizing the trials to foment further hatred of the West, while other elements, not anti-Western in themselves, could use such a campaign to divert attention from the inadequacies of the new regime.

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Soviet Ambassador Expected in Morocco Soon

The Moroccan Government expects a Soviet ambassador to arrive in Rabat within two months and may send an ambassador to Moscow somewhat later, according to a Foreign Ministry official. The Moroccan official implied that the question of a diplomatic exchange--which the government decided on in principle last June--was initiated by the Soviet delegation which came to Morocco on 8 August, ostensibly for trade purposes.

Since the conclusion of the second Moroccan-Soviet trade agreement in April, Soviet trade personnel have worked hard to expand trade, apparently for political reasons. They have offered to purchase surplus stocks of Moroccan sardines and vegetable fiber and to sell jeep-type vehicles at very low prices.

Tunisia--which agreed in June to coordinate its foreign policy with that of Morocco--probably will also exchange diplomatic representatives with the USSR. President Bourguiba announced on 6 July that he contemplated such action before the end of the year, and on 29 August expressed to the American ambassador his confidence that the Tunisian Government could control the subversive activities of a Soviet mission. He doubted, however, that Morocco was equally able.

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USSR Offers Civil Air Development Program to Afghanistan

The USSR has offered Afghanistan a long-term credit to finance the entire cost of a civil air development program, according to Abdul Hakimi, president of the Afghan Air Authority. The offer reportedly includes low-cost modern aircraft with Soviet crews, airports built at any location desired by Afghanistan, and training of Afghan personnel. Hakimi said no final decision has been made by Kabul. The USSR earlier had offered Afghanistan IL-18 turboprop aircraft.

While Hakimi may have embellished the terms, Moscow probably has made Kabul an offer along these lines. Such an offer would be attractive to the Afghan Government, particularly as it would not require Kabul to contribute local currency or goods toward the cost of the program. The result, however, would be an uneconomical air transport system which would be a drain on the Afghan economy, and while Kabul earlier approved projects financed by foreign credits without undue concern for their economic justification, in recent months it has adopted a policy of not accepting further foreign loans. Kabul probably would be reluctant to accept a loan-financed Soviet air program since there is an American program, largely grant-financed, already under way in the country. The Afghan Government is apparently using the reported Soviet offer to induce the United States to speed up and expand its civil air program.

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